

U.S. Department of the Treasury



Community Development Financial Institutions Fund

Anchorage Rotary

Anchorage, Alaska

December 9, 2003

CDFI
fund

CDFI Fund Purpose

To promote economic revitalization and community development through investment in and assistance to CDFIs, including enhancing the liquidity of CDFIs.

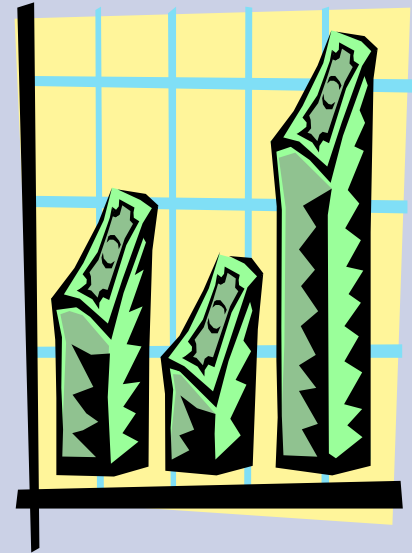
12 USC 4701

CDFI Fund Aligned with Treasury Mission

Treasury Goals	Treasury Objectives	CDFI Fund Objectives
<i>Promote prosperous U.S. and world economies</i>	Increase economic growth and create jobs	Improve the economic and living conditions of underserved communities by providing an array of community development financial services through CDFIs and CDEs.
<i>Preserve the integrity of financial systems</i>	Preserve and increase the reliability of the U.S. financial system	Strengthen the financing, capacity, sustainability or self-reliance of a nationwide network of regulated and non-regulated financial institutions serving underserved areas.

CDFIs Originate Billions

- CDFIs manage \$9.3 billion in assets in underserved communities.
- CDFIs provide affordable banking services to individuals, and help finance small businesses, low-cost housing, and community services that, in turn, help stabilize neighborhoods and alleviate poverty.
- CDFIs include loan funds, credit unions, banks and venture funds with missions dedicated to community development.



CDFI Fund Programs

CDFI Program:

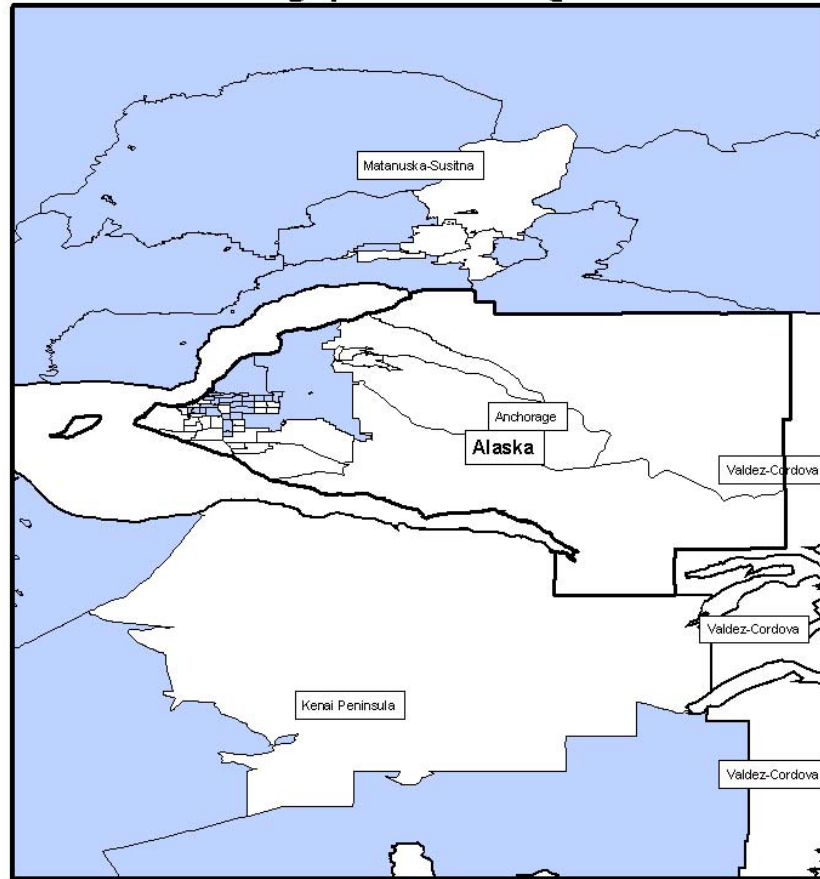
- Provides assistance to CDFIs and emerging CDFIs
- Certified CDFIs total nearly 700 institutions
- \$40 million budget for FY 2004

CDFI Fund Programs

Native American Initiatives:

- Supports development and growth of Native American CDFIs
- Fewer than 30 certified CDFIs, exclusive to Native Americans
- \$8 - \$10 million budget for FY 2004

Anchorage, AK: CDFI Qualified



Legend

-  Counties
-  IA Qualifying Areas
-  State Boundaries

Census Tracts

-  Census Tracts

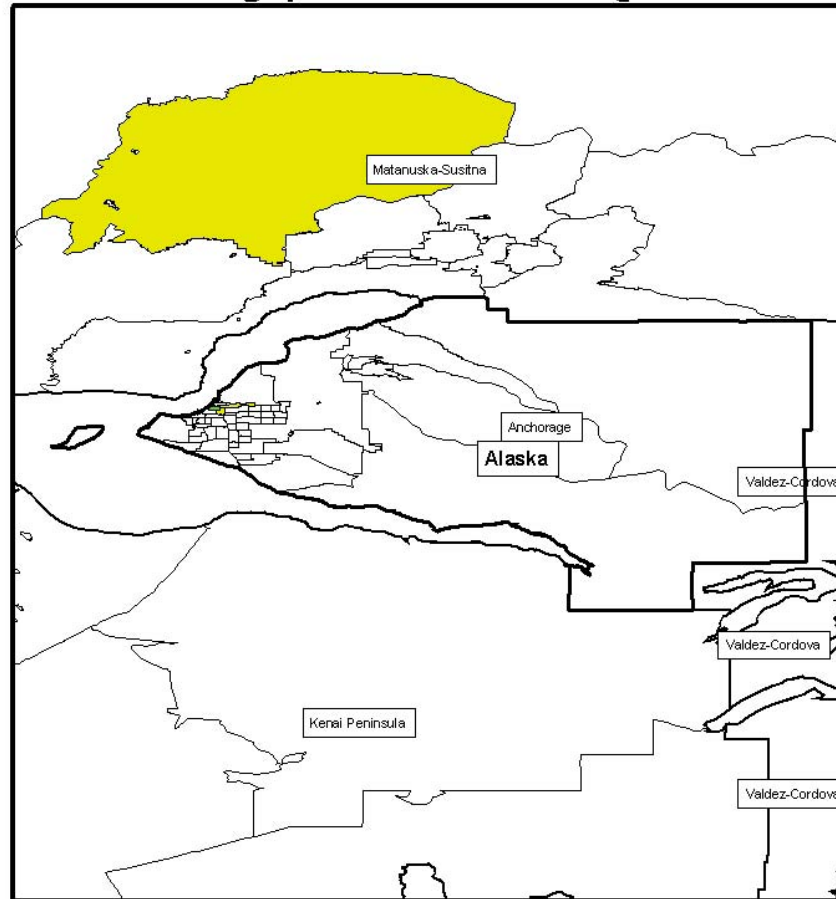


CDFI Fund Programs

Bank Enterprise Award (BEA) Program:

- Provides awards to FDIC insured depository institutions for increasing investments in CDFIs and/or activities in distressed communities
- \$8 - \$9 million budget for FY 2004

Anchorage, AK: Metro BEA Qualified



Legend

- Counties
- Fully Qualified
- Partially Qualified(>30% Below Poverty and >1.5 National Unemployment Rate)
- Partially Qualified(>20% Below Poverty and >1.5 National Unemployment Rate)
- Partially Qualified(>20% Below Poverty and <1.5 National Unemployment Rate)
- State Boundaries

Census Tracts

- Census Tracts

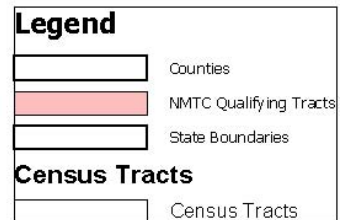
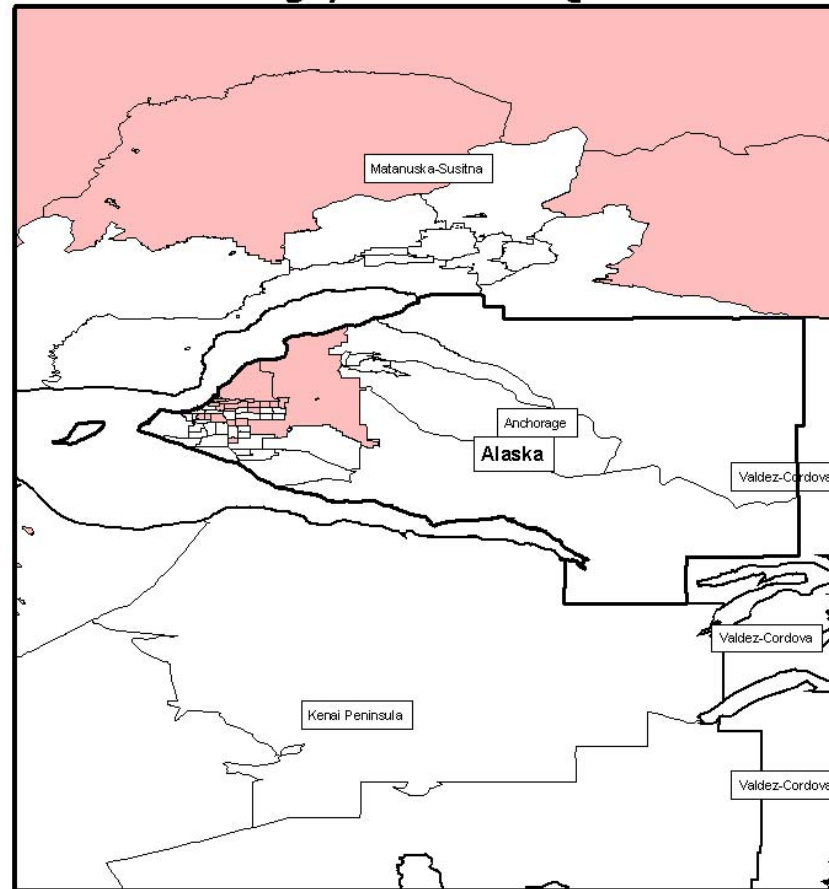


CDFI Fund Programs

New Markets Tax Credit :

- Creates a tax credit for equity investments in Community Development Entities (CDEs)
- Certified CDEs total nearly 1,200
- \$2.5 billion allocated in FY 2002
- Up to \$3.5 billion to be allocated for FY 2003 - 2004

Anchorage, AK: NMTC Qualified



CDFI Fund Awards in Alaska

- Under the CDFI Program 7 CDFIs have received 11 awards totaling \$8,376,750
- There are currently 5 certified CDIs in AL
 - Alaska Growth Capital BIDCO, Inc. (Anchorage)
 - Anchorage Neighborhood Housing Services
 - Fairbanks Neighborhood Housing Services
 - Haa Yakaawu Financial Corporation (Juneau)
 - Rural Alaska Investments & Finance (Anchorage)
- Under the NMTC Program 1 CDE has received an allocation of \$5 million
- There are currently 4 certified CDEs in Alaska
 - Alaska Growth Capital BIDCO, Inc. (Anchorage)
 - Alaska New Markets CDE, LLC (Anchorage)
 - Anchorage Neighborhood Housing Services
 - Rural Alaska Investments & Finance (Anchorage)

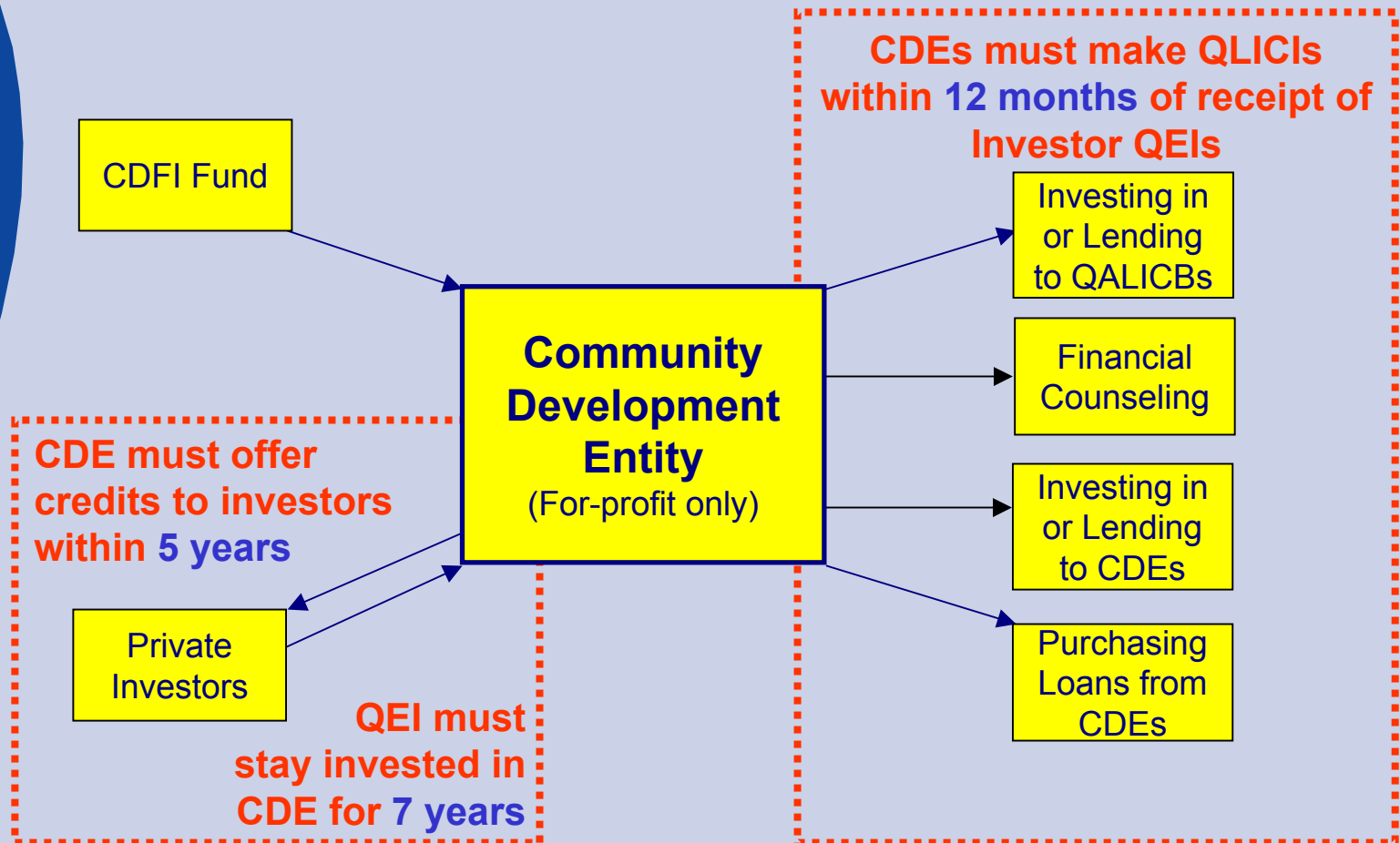
NMTC Program Purpose

- Stimulate private sector investment in the economic development of low income communities
- Improve economically distressed communities
- Spur economic growth in new and emerging markets

NMTC Program Overview

- Enacted on December 21, 2000
- Part of the Community Renewal Tax Relief Act of 2000
- Creates a tax credit for equity investments in Community Development Entities (CDEs)
- Beneficial to nearly 40 percent of the nation's geography

How it works...



Credit Amount

- Credit taken over a 7-year period
- Credit rate:
 - 5% in each of the first 3 years
 - 6% in each of the final 4 years
- Equals 39% of amount of original investment

Applicant Pool Comparison

2003 Applicant Pool	2002 Applicant Pool
271 applications received	345 applications received
Total request: \$30 billion	Total request: \$26 billion
Average request: \$113 million	Average request: \$75 million
Largest request: \$1.5 billion	Largest request: \$1 billion
Smallest request: \$670,000	Smallest request: \$300,000

Alaska Growth Capital

- Overview: Alaska Growth Capital provides a financing alternative to businesses that may have trouble gaining access to traditional bank financing. AGC is licensed and regulated by the State of Alaska. It can provide financing for projects from \$100,000 to \$10 million.
- Use of Allocation: AGC will utilize its NMTC allocation to support the following types of products and services to small businesses: 1) conventional term loans, 2) lines of credit, 3) short-term accounts/receivable loans, 4) “hybrid” loans, 5) direct equity investments, and 6) technical assistance and leadership training. The organization believes the NMTC Program will allow it to attract new private capital, and to increase the volume of products and services that it offers.
- Service Area: AGC will concentrate the entirety of its activities in the state of Alaska. An estimated 85% of its activities will be targeted to rural areas, 10% of its activities will be targeted to urban areas, and 5% of its activities will be targeted to suburban areas.

Sample Strategies: Business Entities, Developers & CDCs

Option A: CDE Qualified

- Qualify as a CDE
- Apply directly for a NMTC allocation; or
- Apply to allocated-CDEs for a loan/investment
- Finance expansion or project(s)

Option B: QALICB Qualified

- Qualify as a QALICB
- Apply to allocated-CDEs for a loan/investment
- Finance expansion or project(s)
- Visit website for list of CDFIs/CDEs

Sample Strategies: Regulated Institutions

Option A: Wholly-owned Affiliate

- Qualify as a CDE
- Apply directly for a NMTC allocation to raise equity for project(s)
- Finance internal or external project(s)

Option B: Strategic Partnerships

- Determine business strategy/community impact objective
- Qualify eligible CDE(s)
- Make financial investment commitment

Note: Consult with applicable bank regulator on ownership and allowable business strategies

Sample Strategies: Loan Funds

Option A: Raise Equity Directly

- Qualify as a CDE
- Apply directly for a NMTC allocation to raise equity for project(s)
- Finance related or unrelated project(s)

Option B: Market Deals to other CDEs

- Qualify as a CDE
- Sell qualifying loans to allocated CDEs
- Receive loans and investments from other allocated CDEs

Note: Option B - Visit CDFI Fund website for a list of allocated CDEs

CDFI Fund Contact Info.

For questions about the 2005 Allocation Round:

- Visit the Fund's website at www.cdfifund.gov
- Contact the Fund directly:

Programmatic Support

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